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Sweet Deal at Risk

Central American Free Trade Agreement

A trade pact that would open new markets for U.S. exports – especially farm products – ought to be an easy “yes” vote for Congress. But trade pacts are seldom simple. Inevitably they draw fierce opposition from special interests that would rather not face foreign competition.

In this case, the special interest is the sugar industry, which already enjoys import quotas and other restrictive policies. This corporate welfare keeps U.S. sugar prices 300 percent above world prices.

Yet opposition from sugar producers has put the Central American Free Trade Agreement, or CAFTA, in trouble on Capitol Hill. That’s a shame.

Most imports from participating countries — Costa Rica, Honduras, El Salvador, Guatemala, Nicaragua and the Dominican Republic — already enter the United States duty-free. But most U.S. exports bound for those markets face stiff duties. Farm products, for example, are hit with an average tariff of 11 percent.

CAFTA would lower those tariffs. That’s why agricultural groups, including growers of wheat, corn and soybeans, are strong supporters.

The pact would also benefit U.S. exporters of cars, as wells as telecommunications and other high-tech equipment. The U.S. Chamber of Commerce says American shipments to the region would grow by $3 billion in the first year alone.

Big sugar is opposed because the pact would allow a tiny increase in sugar imports from CAFTA nations — about 109,000 tons a year, or 1 percent of annual consumption.
If opponents can stop an accord as clearly beneficial as this one, other trade deals are at risk. They include a global agreement cutting farm subsidies worldwide.

Most opposition to CAFTA is in the U.S. House. The White House should put more pressure on balking members. It would make no sense to vote down an accord that requires such minimal change in American policy and opens new markets for U.S. exports.